



DRA

*Division of Ratepayer Advocates
California Public Utilities Commission*

Dana S. Appling, Director



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Monterey Regional Water Supply Reliability Collaboration Division of Ratepayer Advocates

First Draft Meeting Agenda

January 31, 2007

Please Note Start Time of 9:30 A.M.

Location: UC MBEST Center

3180 Imjin Road, Marina, CA 93933

Phone at the center is: 831.582.1020

From Highway 1: Take Reservation Road east through the city of Marina to the Imjin Road stop light (~ 3 miles from Highway 1). Turn left on Imjin Road. UC MBEST is the first set of buildings on the right, approximately 300 yards from Reservation Road.

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9:30 AM	Welcome and Introductions	20 Minutes
9:50 AM	Opening Remarks Diana Brooks, Division of Ratepayer Advocates, California Public Utilities Commission	10 Minutes
10:00 AM	Overview of Goals for Meeting #1 Steve Kasower, University of California, Santa Cruz Urban and Regional Water Research team	15 Minutes
10:15 AM	Discussion of Draft Articles of Collaboration concepts	45 Minutes
11:00 AM	Break	15 Minutes
11:15 AM	Discussion of Draft Monterey Regional Water Supply Reliability Planning Milestones	45 Minutes
Noon	Discussion of Next Meeting Date, Agenda (Proposed for February 28, 2007)	15 Minutes
12:15 PM	Adjourn	



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January 18, 2007

TO: Monterey Area Regional Water Supply Reliability Collaborators

FROM: Diana Brooks, Division of Ratepayer Advocates
Steve Kasower, University of California, Santa Cruz

SUBJECT: Draft Articles of Collaboration

On December 19, 2006, the Division of Ratepayer Advocates (DRA) of the California Public Utilities (CPUC), extended an invitation to interested water supply and management agencies and municipal interests to participate in a unique project planning opportunity: to collaborate on a regional plan to develop reliable water supplies and water management programs in the Monterey area to benefit the publics in the region. That opportunity was based on the understanding: 1) that the Monterey area lacked reliable and adequate water supplies and 2) that the California American Water Company (Cal Am) was under a regulatory requirement to replace a 69% of its water supply derived from wells in the Carmel Valley.

Cal Am has been pursuing the Coastal Water Project as the preferred alternative to its earlier plans to build a dam on the Carmel River. The CWP is based on the CPUC's "Plan B", a long term water supply contingency plan for the Monterey Peninsula that identified a desalination project and aquifer storage and recovery project as the preferred alternative to Carmel River Dam. Cal Am presently has California Coastal Commission approval to construct a seawater desalination pilot plant in order to begin to identify the most appropriate technological choices for an eventual desalination plant.

Recognizing that Cal Am was moving forward with getting the needed regulatory approvals for construction of its Coastal Water Project, and that perhaps a more economically beneficial array of projects and water management programs could be obtained by forging a collaboration with regional water supply interests, DRA proposed to facilitate a series of regional water supply planning dialogues and to include effected public and private entities.

Below we first address a number of questions that have been raised about this regional collaboration and second we propose a few "articles of collaboration" or "ground rules" for proceeding with the regional collaboration effort.

What Are Regional Water Supply and Water Management Program Alternatives?

Regional water supply and water management programs are comprised of many supply and management components like shared supply distribution pipelines and region-wide aggressive conservation and water recycling programs and projects. A regional water supply project can include facilities that are wholly owned and operated by a single agency but have regional benefit through marketing contracts, or conversely owned and operated by a consortium of agencies or partners. Regional water supply projects do not have to be large-scale centralized facilities. Regional projects and programs must simply exhibit broad regional benefits or occupy a position as a component in a regional plan that, taken as a whole, has regional benefits. As such, DRA does not view the “regional” approach as requiring one centralized regional entity to implement. However, a Monterey Regional Water Resources Plan will require specific contractual and policy agreements in order to be implemented. Thus, components of a beneficial and feasible regional plan could very well be implemented through specific contractual relationships established between two or more affected project sponsoring agencies. It will be the aggregation of these specific project agreements that form the “regional” plan.

Why is DRA involved in this Regional Process?

DRA is mandated by state law to represent and advocate on behalf of public utility customers to obtain the lowest possible rates consistent with reliable and safe service levels. DRA believes that more effective, cost saving, and regionally beneficial water supply and management opportunities could be feasibly implemented by regional collaboration than the CWP can deliver as Cal Am has proposed it. DRA further believes that through a regional collaboration, water projects and programs have a better chance to be implemented with more community support and minimal controversy. Conversely, DRA believes that in the absence of a regional collaboration Cal Am may have greater difficulty implementing the CWP. The CWP could face many obstacles along the way including legal and regulatory challenges, minimal public support, or other controversies. The potential risks associated with the CWP implementation may be substantially minimized through regional collaboration and concord. DRA’s objective is to identify politically acceptable water supply projects and water management programs accompanied by implementation strategies that minimize such risks. Moreover, in order to accomplish this goal, Cal Am is a needed partner and must be integral to any water supply solutions that emerge from DRA’s regional process. DRA believes that the present represents the most advantageous moment in Monterey history to find and implement a regional water supply solution.

What is the Expected Result of DRA’s Regional Collaboration?

DRA expects the participants to put together a regional reconnaissance-level integrated regional plan in collaboration with and with help from local Monterey area water supply and management agencies and municipalities. The plan will bring together many supply and management components and specify which agencies will take the lead on each project component and management program alternative. Cal Am must be integral to the process and to the solution. DRA expects that each agency will take the responsibility to introduce the project components to their governing boards, garner implementation approvals, and forge the coordinating project sponsoring and operating agreements needed to make their components of the regional project happen. Essentially, DRA expects the process to result in realized alternatives that are regionally beneficial plus leave Cal Am’s ratepayers better off than they would be in the case of the Coastal

Water Project. Moreover, DRA expects that the regional approach will result in broader public benefits from reliable water supplies in the Monterey area as well as enhanced political and public will to successfully implement the regional solutions.

How Can Monterey Area Agencies Successfully Participate in DRA's Regional Collaboration?

All agencies whose interests and responsibilities are in provision and use of water supplies in the Monterey area should be involved in the regional collaboration. To best accomplish a feasible and beneficial regional water supply reliability solution, agencies must be willing to perform a few basic collaborative functions during the regional collaboration process:

1. Each agency representative must come to the table with the willingness to pursue a more beneficial and reliable water supply for the Monterey region and should be authorized to make decisions or be able to gain governing board agreement from their agency to participate and potentially partner with other agencies in a project component. Moreover, agency participants should have the legal authority to implement some component of a regional plan. Moreover, each agency must maintain responsibility for determining what is in the best interest of their constituents, customers, or stakeholders.
2. Each agency must be able to examine regional solutions from the broadest regional perspective possible. In other words, each agency must be willing to seek the most optimal regional solutions irrespective of agency boundaries, previous project plans, organizational histories, or provincial animosities.
3. Each participating agency must limit the process dialogue and detailed debate to the schedule agreed to at the start of the process. (The "Draft Schedule and Milestones" document accompanies this "Draft Articles of Collaboration" document.) Once the schedule and milestones are established, participants agree to work toward the success within that schedule.
4. While DRA is not asking for cost-sharing relationships with local Monterey agency partners, DRA does hope that any technical planning analyses are needed will be done in collaboration with the agencies' technical staff and/or their consultants during this regional collaboration process.

How Do We Get Started?

Please let DRA know of your agency's desire and willingness to participate and to attend the first Regional Collaboration Meeting, scheduled for January 31, 2007 at UC MBEST Center, located at 3180 Imjin Road, Marina, Ca. You may RSVP by contacting Catherine Borrowman at (831) 459-3288 or e-mail at cborrow@ucsc.edu.

For technical questions about the process and DRA's role, please contact DRA's representative

Diana S. Brooks

Supervisor - Water Policy

Division of Ratepayer Advocates

(415) 703-1445 (office)

(415) 250-5434 (cell)

Meeting Location**UC MBEST Center**

3180 Imjin Road, Marina, CA 93933

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January 18, 2007

TO: Monterey Area Regional Water Supply Reliability Collaborators

FROM: Diana Brooks, Division of Ratepayer Advocates
Steve Kasower, University of California, Santa Cruz

SUBJECT: Draft Monterey Regional Water Supply Reliability Planning Milestones

As part of the regional water supply planning strategy, DRA proposes a series of milestones and “deliverables” designed to rapidly identify and commit to implement water supply projects and water management programs.

The overall goals are straightforward:

- The group needs to identify and agree on the water supply needs of the Monterey area.
- A list of project components needs to be proposed. Alternative “adjustments” to those projects needs to be evaluated and agreed upon in a timely fashion.
- A means to deal with disagreements needs to be created that reflects the overarching needs of the public.

Thus, as a first cut attempt to define the process, DRA proposes the following schedule. Meetings should happen monthly and usually be scheduled on the last Wednesday of the month. The schedule can be flexible for calendar conflicts such as important annual events or technical evaluation work that requires additional time to prepare. Each meeting will include a review, discussion, and concurrence of notes and other analytical documents that will be provided to participants for this review prior to the meeting where the discussion is scheduled. New and old business will be proposed and discussed at each meeting. Lastly, each meeting will include discussion of goals and agenda for the next meeting.

Meeting #1 (Scheduled for January 31, 2007)

- Agree on principles of Collaboration and milestones for the regional water supply reliability planning process leading to a regionalized alternative set of projects and water management programs that are alternatives to the Coastal Water Project.
- Determine what agencies are committed to participating in and completing the process (this is a self-selection process)
- Identify conflict resolution methods that will allow us to remain on schedule;
- Provide identities to ourselves. As a suggestion, perhaps the agencies participating in the regional dialogue could be called the Regional Executive Management Team (REMT)?

The group that will conduct analytical work, led by Steve Kasower might be called the Study Team. This group will be comprised of University of California, Santa Cruz Faculty, Staff and Students, CPUC, DRA Staff and Interns, and any local agency technical staff or consultants contributed to the process for specific analyses.

- Set an on-going meeting calendar (for example, the last Wednesday of each month.

Meeting #2 (February)

Identify agency water demands and priority projects. We will hear from each agency about their water needs, current supplies and programs like conservation, conjunctive management, and recycled water uses.

- Brainstorm ways to creatively combine projects. We will entertain a collaborative discussion whereby we “cut and paste” projects, pipelines, and water management programs to serve the needs and demands that we identified earlier in the meeting.
- Identify flaws and controversies associated with each project. Discussion need to occur about the projects, and programs identified to help the Study Team understand what detailed evaluations need to be made concerning the overall project and program list.

Meeting #3 (March)

- Review the status of the regional analytical work by the Study Team with discussion and suggestions by the group of participants.
 - Progress report and discussion of the demographic evaluation.
 - Discussion and presentation of analytical modeling tools being used by the Study Team to evaluate regional project components.
- Presentation by the team that is conducting the environmental analysis for the CPUC.
 - Presentation of their ongoing work.
 - Discussion of the confluence between the ongoing environmental analysis and the Study Team’s preparation of the “Regional Plan.”

Meeting #4 (April)

- Status report of the regional analytical work by the Study Team with discussion and suggestions by the group.
- Discussion concerning the potential agreements that would need to be reached by project component partners. Individual roles that each agency could take in the regional project. Ultimately each agency will need to take the lead for their regional project components.

Meeting #5 (May)

- Formulation of a regional project implementation strategy
 - Discuss partnership details that will form the basis of this strategy.
 - Identify relevant timing considerations and constraints?
 - Can we satisfy State Water Resources Control Board Decision 95-10?
 - Discuss public and stakeholder involvement initiatives for the regional strategy.
 - Identify the benefits that the group can bring to successful project implementation.
 - Identify what is needed to get Cal Am to adopt the regional project in lieu of the Coastal Water Project.

- Identify additional analyses needed for the success of the regional plan

Meeting #6 (June)

- Report on member agencies' agreements to implement components of the regional plan.
- Discussion of remaining implementation issues and analytical needs.
- Discuss the direction the group is going and identify any needed course corrections.

Meeting #7 (July)

- Review of continuing analytical work.
- Report on member agencies' progress on authority to commit to sponsoring components of the regional project.
- Discussion of additional analytical needs

Meeting #8 (August)

- Review of new analytical work
- Status report from group members on their agency progress on authorities and agreements.
- Presentation of the Environmental Analysis by the team performing the work for the CPUC.
- Discussion of additional analytical work that is needed for the successful implementation of the regional plan.

Meeting #9 (September)

- Discussion of issues associated with actual implementation of regional project components.
- Discussion of additional environmental analysis needed to support the regional project strategy.
- Discussion of financing alternatives.

Meeting #10 (October)

- Identify a coordinated implementation schedule. What needs to be done by which agency to assure progress in the implementation of the regional plan?
- Identify additional analytical tasks and/or group member responsibilities

Meeting #11 (November)

- Review of plans, agreements, and reports.
- Discussion of what happens after the dialogue process is disbanded.
- Identify remaining issues that need attention and identify responsible agencies to work on them.

Meeting #12 (December)

- Last assignments before disbanding DRA's Study Team
- Perhaps we ought to have a celebration party in honor of our success? (Let us hope that success it is indeed!)



Posted on Thu, Feb. 01, 2007

Agency outlines water agenda

State panel trying for regional solution to Peninsula's problems

By KEVIN HOWE
Herald Staff Writer

A state utility watchdog agency Wednesday outlined an ambitious agenda for the coming year that will ask local public agencies and private utilities to come up with a regional plan to solve the Peninsula's water shortage.

Orchestrating a meeting of more than 40 representatives from various water interests with the flair of a motivational seminar speaker, economist Steve Kasower of the University of California-Santa Cruz Urban and Regional Water Research team walked them through a four-point regional collaboration strategy in which the agencies involved would:

- pursue a more beneficial water supply for the region;
- examine regional solutions that may ignore agency boundaries, previous project plans, organizational histories or previous animosities;
- follow the discussion subject scheduled and avoid veering into other issues;
- provide technical staff members for planning analyses or other studies during the collaboration process.

Kasower is serving as a consultant to the state Public Utilities Commission's Division of Ratepayer Advocates, which called the meeting to determine which water agencies would be on board for a regional approach.

Most of them showed up, including the county Water Resources Agency, California American Water, the Marina Coast Water District, Monterey Peninsula Water Management District, Monterey Peninsula Water Pollution Control Agency, Castroville Water District and representatives from citizen organizations interested in the water issue.

Cal Am received a coastal permit from Monterey County in July and a coastal development permit from the state Coastal Commission in December to operate a pilot desalination plant at Moss Landing out of a 6,500-square-foot facility and use a fraction of the cooling water taken daily from Monterey Bay by the power plant for its operation.

The pilot plant is intended to prove whether seawater conversion is feasible for Cal Am's Coastal Water Project, which envisions a major desalination plant, pipeline distribution and storage tanks to relieve overpumping in the Carmel River Aquifer, currently the main source of water for the Monterey Peninsula.

Some of the citizen groups have sued the county Board of Supervisors for ignoring its own ordinances requiring public ownership of seawater desalination plants by granting a permit for the pilot desal project. Sand City Mayor David Pendergrass described the lawsuit as "a taint in the process" of the regional agency discussions, with opposing litigants sitting at the same table.

"It's impossible in water matters," Kasower said, "to sit people down who are not suing each other."

Tom Rowley of the Monterey Peninsula Taxpayers Association said any regional project should include public advocate groups.

George Riley of Citizens for Public Water said previous water project decisions by public agencies have collapsed because the public wasn't included in developing them.

The voters' rejection of a new Los Padres Dam, Rowley said, wasn't just a "no growth" vote, but an expression of the reluctance of ratepayers to pay for a Cal Am water project. If they wouldn't pay \$100 million for a dam in 1995, he said, they're not likely to pay \$200 million for a desalination plant now.

Holly Price, acting superintendent of the Monterey Bay National Marine Sanctuary, said the sanctuary has long advocated a regional approach to solving the area's water shortage, but expressed disappointment that the Ratepayer Advocates' proposal doesn't outline the environmental, along with the economic, benefits of a regional project.

"There should be a regional approach," she said. "We are faced with a potpourri of permit applications."

The issue of public vs. private ownership of a proposed desalination plant at Moss Landing was raised by Ron Weitzman of Friends of Locally Owned Water, which has challenged the supervisors' permit for Cal Am's pilot project, and plans to oppose a change in the county ownership ordinance that would allow it when it comes before the supervisors March 13.

The Division of Ratepayer Advocates, he said, should join FLOW in opposing the change. Diana Brookes of Ratepayer Advocates said the division does not take sides over local legislation, but sees to it that whatever projects come before it comply with the law.

"We're not going to decide who builds a desalination plant today," Kasower said, adding that the issue before the group was not public-private ownership or any particular project. "We're not asking you how you want to get there," he said, "but is 'there' where you want to get."

Cal Am vice president and Monterey area operations manager Steve Leonard suggested that those at the meeting peruse the 4,000-page Coastal Water Project report prepared by Cal Am, which he said would answer many of their questions, and that Brooks hold a seminar on how rates are set by the PUC to help answer concerns by citizens' groups and public ownership advocates.

The Ratepayer Advocates have called a second meeting Feb. 28 to identify water demands and priority projects. Subsequent meetings are planned on the last Wednesday of each month this year to discuss different aspects of water issues, hopefully leading to agreement on a regional water project.

Kevin Howe can be reached at 646-4416 or khowe@montereyherald.com.